

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2017-381-A

In Re: Office of Regulatory Staff's Petition for
an Order Requiring Utilities to Report the
Impact of the Tax Cuts and Job Act

MOTION FOR MODIFICATION OF
SCHEDULE OF RATES AND
CHARGES

Pursuant to S.C. Code §58-5-240(G) and S.C. Code Regs. §§ 103-829, 103-503, Carolina Water Service, Inc. ("CWS") moves the Public Service Commission of South Carolina ("Commission") for an Order permitting it to immediately place into effect a modification of its existing rate schedules relating to the subject of the above-captioned docket. In support of its motion, CWS would respectfully show as follows.

CWS recently applied for and obtained an adjustment of rates and charges. *See* Order 2018-345. However, CWS filed its rate case before Congress enacted the Tax Cuts and Jobs Act of 2017 ("TCJA"), which gave rise to this proceeding in the present docket. In the CWS rate case, the Commission held CWS should track and defer the effects of the TCJA in a regulatory liability account to be addressed in a subsequent proceeding consistent with the instructions in Order No. 2018-308 in the present docket. Order No. 2018-345, p. 22.

CWS now moves the Commission to approve a modification of its tariff to address the effects of the TCJA on Contributions in Aid of Construction ("CIAC"). CIAC is taxable under the TCJA, and CWS proposes to "gross-up" cash service availability charges and property contributions in aid of construction to recover associated federal and state corporate income taxes. Applying the 5.00% South Carolina state tax rate and 21.00% federal tax rate would cause \$33.24 in taxes to be due for every \$100.00 of CIAC. CWS's Connection Fee is presently \$300.00 per

SFE and the Impact Fee is \$400.00 per SFE. The TCJA will require additional taxes of \$232.68 per SFE at the time of connection. CWS proposes to require its customers who connect to its water and sewer system to pay the applicable state and federal tax liability in addition to the present Connection Fee and Impact Fee in its tariff. The proposed change is attached as Exhibit A to this motion.

CWS is aware of the Commission's recent decision to schedule oral arguments on similar tariff provisions requested by other utilities in this docket (*see e.g.* Order No. 2018-363) and requests an opportunity to be heard on the matter.

Respectfully submitted,

TERRENI
LAW FIRM, LLC

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EXHIBIT A

Carolina Water Service, Inc.
Docket No. 2017-292-WS
SCHEDULE OF PROPOSED RATES AND CHARGES

2. Non-Recurring Charges

\$399.72

A. Water Service Connection (New connections only) - ~~\$300~~ per SFE
\$532.96

B. Plant Impact Fee (New connections only) - ~~\$400~~ per SFE

The Plant Capacity Fee reflects the portion of plant capacity which will be used to provide service to the new customers as authorized by Commission Rule R. 103-702.13. The plant capacity fee represents the Utility's investment previously made (or planned to be made) in constructing water production, treatment and/or distribution facilities that are essential to provide adequate water service to the new customer's property.

C. Water Meter Installation - 5/8 inches x 3/4 inches meter \$45.00

All 5/8 inch x 3/4 inch water meters shall meet the Utility's standards and shall be installed by the Utility. A one-time meter fee of \$35 shall be due upon installation for those locations where no 5/8 inch x 3/4 inch meter has been provided by a developer to the Utility.

For the installation of all other meters, the customer shall be billed for the Utility's actual cost of installation. All such meters shall meet the Utility's standards and be installed by the Utility unless the Utility directs otherwise.

D. Customer Account Charge – (New customers only) \$30.00

A one-time fee to defray the costs of initiating service.

E. Reconnection Charges: In addition to any other charges that may be due, in those cases where a customer's service has been disconnected for any reason as set forth in Commission Rule R.103-732.5, a reconnection fee shall be due in the amount of \$40.00 and shall be due prior to the Utility reconnecting service.

F. Tampering Charge: In the event the Utility's equipment, water mains, water lines, meters, curb stops, service lines, valves or other facilities have been damaged or tampered with by a customer, the Utility may charge the customer responsible for the damage the actual cost of repairing the Utility's equipment, not to exceed \$250. The tampering charge shall be paid in full prior to the Utility re-establishing service or continuing the provision of service.

Carolina Water Service, Inc.
Docket No. 2017-292-WS
SCHEDULE OF PROPOSED RATES AND CHARGES

3. Non-recurring Charges

	\$399.72
A. Sewer Service Connection (New connections only)	\$300 per SFE
	\$532.96
B. Plant Capacity Fee (New connections only)	\$400 per SFE

The Plant Capacity Fee shall be computed by using South Carolina DHEC "Guide Lines for Unit Contributory Loadings to Wastewater Treatment Facilities" (1972) to determine the single family equivalency rating. The plant capacity fee represents the Utility's investment previously made (or planned to be made) in constructing treatment and/or collection system facilities that are essential to provide adequate treatment and disposal of the wastewater generated by the development of the new property.

The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating of non-residential customer is less than one (1). If the equivalency rating of a non-residential customer is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the sewer system is requested.

C. Notification Fee

A fee of \$15.00 shall be charged to each customer per notice to whom the Utility mails the notice as required by Commission Rule R. 103-535.1 prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating the cost.

D. Customer Account Charge - (New customers only)

\$30.00

A one-time fee to defray the costs of initiating service. This charge will be waived if the customer is also a water customer.

- E. Reconnection Charges:** In addition to any other charges that may be due, in those cases where a customer's service has been disconnected for any reason as set forth in Commission Rule R. 103-532.4 a reconnection fee in the amount of \$500.00 shall be due at the time the customer reconnects service. Where an elder valve has been previously installed, a reconnection fee of \$40.00 shall be charged.
- F. Tampering Charge:** In the event the Utility's equipment, sewage pipes, meters, curb stops, service lines, elder valves or other facilities have been damaged or tampered with by a customer, the Utility may charge the customer responsible for the damage the actual cost of repairing the Utility's equipment, not to exceed \$250. The tampering charge shall be paid in full prior to the Utility re-establishing service or continuing the provision of service.